

Message Text

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ORIGIN AGR-08

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 AID-05 TRSE-00
OMB-01 CIAE-00 INR-07 NSAE-00 XMB-02 EPG-02 /043 R

DRAFTED BY OGSM/PPD:HLKOELLER-HLNORTON:JES
APPROVED BY NEA/INS:DKUX
EB/FFD:CCAVANAUGH
COMMERCE:CSHAW
AID/FFP:AMERCKER
TREASURY:ESCHWARTZ
OMB:RGREENSTEIN
NEA/INS:JRGRAHAME

-----081843Z 116990 /53

R 081537Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: EAID, US, IN

SUBJECT: INDIAN PEANUT OIL

1. FOLLOWING MESSAGE FOR EMBASSY INFO AND REQUIRES NO ACTION.

2. AS RESULT OF DISCUSSIONS SEVERAL WEEKS AGO WITH STC OFFICIALS ABOUT PEANUT OIL PROCUREMENT, USDA MADE INFORMAL AND PRELIMINARY PROPOSAL TO INDIAN EMBASSY OFFICIAL. DISCUSSIONS COVERED POSSIBILITY OF WHETHER PEANUT OIL IS AVAILABLE FOR SALE TO INDIA AT THE WORLD PRICE. DISCUSSIONS CENTERED ON REPORTS THAT SINCE THE INDIAN OIL-SEED CROP WAS INADEQUATE TO MEET CONSUMPTION REQUIREMENTS, OVER 700,000
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MT VEGOIL MUST BE IMPORTED AND NOT ALL OF THIS REQUIREMENT HAS BEEN COVERED BY PURCHASES TO DATE. DUE TIGHT SUPPLY U.S. VEGOILS, NOT LIKELY NEEDS CAN BE MET BY ADDITIONAL PURCHASES U.S. SOYBEAN OIL. USDA BELIEVED GOI MIGHT BE INTERESTED IN PROCURING SOME PEANUT OIL.

3. ALTHOUGH CCC OWNS UNCOMMITTED STOCKS OF 68,000 MT OF

PEANUT OIL, USDA POLICY DICTATES THAT EXPORT SALES BE MADE AT NOT LESS THAN THE CCC ACQUISITION COST WHICH IS HIGHER THAN CURRENT WORLD PRICE. THEREFORE, USDA EXPLORED VARIOUS POSSIBLE SALES ARRANGEMENTS UNDER WHICH SURPLUS CCC STOCKS

ACQUIRED THROUGH THE PEANUT PRICE SUPPORT PROGRAM COULD BE MADE AVAILABLE TO INDIA AT A PRICE WHICH TOGETHER WITH FAVORABLE CREDIT TERMS WOULD MAKE A SALE FINANCIALLY ATTRACTIVE TO GOI.

4. CURRENT WORLD PRICE OF PEANUT OIL IS ABOUT .04 DOLS/MT (0.41 DOLS/LB. AT ROTTERDAM), WHILE CCC PRICE WOULD BE ABOUT 1,234 DOLS MT (0.56 DOLS/LB F.O.B. GULF PORTS). COMPARATIVE PRICE U.S. SOYBEAN OIL IS 738 DOLS/MT (0.33 DOLS LB. F.O.B. GULF PORTS).

5. AFTER CONSIDERING SEVERAL ALTERNATIVES, USDA CONCLUDED SEVERAL ALTERNATIVES MIGHT BE FEASIBLE. FIRST WOULD BE SALE OF 50,000 MT CCC PEANUT OIL AT ACQUISITION COST PRICE OF 1,234 DOLS UNDER TITLE I, PL 480 WITH AN INITIAL PAYMENT (IP) OF 50 PERCENT. ALTERNATIVELY, A CASH SALE OF 25,000 MT TIED TO A TITLE I SALE OF 25,000 MT WOULD BE ACCEPTABLE TO USDA, BUT SLIGHTLY LESS FAVORABLE TO GOI IN VIEW OF 5 PERCENT IP AND GOI LESS LIKELY TO BE INTERESTED. FYI - EITHER OF THESE ALTERNATIVES WOULD PRESUMABLY REQUIRE A BUDGET INCREASE WHICH WOULD BE QUITE DIFFICULT TO OBTAIN. END FYI.

6. SUBSEQUENTLY, USDA AND STATE DISCUSSED ABOVE POSSIBLE LIMITED OFFICIAL USE

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ITIES WITH INDIAN EMBASSY OFFICERS. THEY SAID THEY WOULD INFORM GOI OF POSSIBILITY DISCUSSED ABOVE, BUT INDICATED HIGHLY UNLIKELY GOI WOULD BE INTERESTED. INDIAN EMBASSY MINISTER (COMMERCE AND SUPPLY) DIXIT HAS INFORMED US THAT GOI WAS AWAITING AMENDMENT TO PL 480 LAW TO REMOVE VIETNAM RESTRICTION BEFORE APPROACHING US ON ADDITIONAL AID. AGRICULTURE HAS TOLD INDIANS THAT THESE SALES PROPOSALS WERE EXPLORATORY, AND THAT BEFORE ANY SUCH SALE COULD BE MADE IT WOULD BE NECESSARY TO OBTAIN NECESSARY FUNDS APPROVAL FROM OMB AND APPROVAL FOR TITLE I PROPOSAL FROM INTERAGENCY STAFF COMMITTEE (ISC).

7. PLEASE UNDERSTAND THAT THIS POSSIBLE SALE HAS NOT BEEN DISCUSSED AT INTERAGENCY LEVEL AND AT THIS STAGE DOES NOT REPRESENT USG PROPOSAL OR POLICY BUT IS PURELY EXPLORATORY, ARISING OUT OF INITIAL DISCUSSION WITH STATE TRADING COOPERATION REP. VANCE

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PEANUTS, VEGETABLE OILS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
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Format: TEL
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To: NEW DELHI
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